

PART III – LIST OF DOCUMENTS, EXHIBITS, AND OTHER ATTACHMENTS

SECTION J, ATTACHMENT J-1

ADVANCE UNDERSTANDING ON HUMAN RESOURCES

TABLE OF CONTENTS

I.	INTRODUCTION	1
II.	HUMAN RESOURCES STRATEGY, BUSINESS PLANNING AND PERFORMANCE MANAGEMENT	2
III.	COMPENSATION	2
IV.	ANCILLARY PAY COMPONENTS	3
V.	PAYMENTS ON TERMINATION OF EMPLOYMENT	4
VI.	LABOR RELATIONS	4
VII.	PROGRAMS INVOLVING EMPLOYEE ABSENCE FROM THE WORKPLACE.....	5
VIII.	EMPLOYEE TRAINING, EDUCATION AND DEVELOPMENT	6
IX.	EMPLOYEE PROGRAMS	7
X.	COSTS OF RECRUITING PERSONNEL.....	8
XI.	WORKFORCE RESTRUCTURING	9
XII.	EMPLOYEE BENEFITS.....	11

I. INTRODUCTION

- (a) This Advance Understanding is intended to document the principles and measures for evaluation of the Contractor's Human Resources Management (CHRM) programs and other items of allowable personnel costs and related expenses not specifically addressed elsewhere under this contract.
- (b) The Contractor shall select, manage, and direct its work force and apply its human resource policies in general conformity with its private operations and/or industrial practices insofar as they are consistent with this contract. Any changes to the personnel policies or practices in place as of the effective date of this contract which would increase costs, is subject to approval in advance by the Contracting Officer. Any programs or policies initiated for corporate application, permanently or for a finite period, that will impact staffing levels or compensation costs (i.e., furloughs or salary cuts) will not be applicable to Laboratory employees or employees otherwise funded through this contract, without prior approval of the Contracting Officer.
- (c) The Laboratory's programs will comply with the Federal Acquisition Regulation (FAR) cost principles and FAR contract clauses, as supplemented by the Department of Energy Acquisition Regulation (DEAR), for all Human Resources programs. The Contractor shall use effective management review procedures and internal controls to assure compliance with the FAR and DEAR as well as to ensure that the cost limitation set forth herein are not exceeded, and that areas which require prior approval of the DOE Contracting Officer or designated representative are reviewed and approved prior to incurrence of costs.
- (d) This Attachment may be modified from time to time by agreement of the Parties. Either Party may, at any time, request that this Appendix A be revised, and the Parties hereto agree to negotiate in good faith concerning any requested revision. Revisions to this Attachment shall be accomplished by executing modification to the prime contract.
- (e) The Laboratory Director may make exceptions to the provisions of Attachment when such exceptions are in the best interest of contract operations or will facilitate or enhance contract performance and are approved in advance by the Contracting Officer.
- (f) The Contractor, or designated representative, shall promptly furnish all reports and information required or otherwise indicated in this Advance Understanding to the Contracting Officer. The Contractor recognizes that the Contracting Officer or designated representative may make other data requests from time to time and the Contractor agrees to cooperate in meeting requests.
- (g) It is understood that no provision of this Attachment can affect any right guaranteed to a bargaining unit employee by the terms of a Collective Bargaining Agreement.

II. HUMAN RESOURCES STRATEGY, BUSINESS PLANNING AND PERFORMANCE MANAGEMENT

The Laboratory Business Plan highlights areas important to DOE and aligns with critical contract vision components. The HR Business Plan, which is subordinate to the Laboratory Business Plan, will be reviewed with DOE representatives at least annually. Contract performance metrics and measures will be developed in partnership with DOE and are detailed in the Section J Attachment entitled "Performance Evaluation and Measurement Plan".

CHRM performance objectives and targets will align with, and facilitate the achievement of the Laboratory mission; be limited in number; focus on strategic results, systems-based measures, and assessment against industry best practices; be developed annually and mutually agreed upon by the Contractor and DOE in accordance with Section J Attachment B entitled "Performance Evaluation and Measurement Plan"; be reviewed periodically to target key strategic objectives and results; and include outcomes that result in cost effective management of laboratory human resources to support accomplishment of DOE and Laboratory mission, strategy and objectives.

III. COMPENSATION

(a) Salary increases.

- (1) Any combination of salary increases for an individual in a single fiscal year, including merit increases and those resulting from reclassification and promotion, which result in a salary that is 25% greater than the employee's salary prior to the increase shall require prior approval by the Laboratory Director. Salary increases that exceed 15% shall be reported annually to the Contracting Officer.
- (2) An administrative stipend may be paid to an employee who is temporarily assigned responsibilities of a higher level position or other significant duties not part of the employee's regular position. The sum of stipend and base salary shall not exceed the maximum salary of the higher level position. The Laboratory Director must authorize administrative stipends that exceed 15% of the appointee's annual base salary. The entire amount of the stipend shall be removed when the employee reverts back to their original position. All stipends shall be reported annually to the Contracting Officer.
- (3) Notwithstanding any other term or condition set forth in this Contract, the Contracting Officer's approval of compensation actions pursuant to Section H Clause entitled "Employee Compensation: Pay and Benefits" will consider:
 - A. relative alignment of proposed salaries with subordinate levels;
 - B. available market data, comparing total-cash compensation; and

- C. total compensation relative to the Executive Compensation Benchmark Amount established periodically by the Office of Federal Procurement Policy (OFPP).

(b) Compensation Increase Plan (CIP).

- (1) The Contractor shall submit the CIP proposal not later than 60 days prior to the start of the new salary cycle.
- (2) In order to pay "on-market-on-average," in the calculation of market position, Laboratory salary data shall be matched to survey data as of the midpoint of the salary cycle (i.e., April 1 for a 10/1-9/30 salary cycle).
- (3) The CIP shall be expressed as a percentage of the reimbursed base payroll for the end of the preceding salary cycle (i.e., the base payroll for 9/30 for a 10/1-9/30 salary cycle)
- (4) Annual funding for promotions shall be included in the Compensation Increase Plan request as a discrete line item. The request for funding for promotions will be based upon actual use for the prior year and anticipated future use, such as classification restructuring.

(c) Payment of Joint Appointees.

Home institutions shall be reimbursed for the joint appointee's salary, fringe benefits and overhead according to the percentage of time the joint appointee works for the host institution. The Laboratory may supplement the joint appointee's salary if it is determined that the home institution's pay scale is not competitive with the Laboratory's pay scale for a comparable position. These supplements are non-base. Such payment must be made through an agreement with the home institution, and the supplemental amount will be paid directly to the home institution. In no case will the home institution be reimbursed an amount greater than what a comparable position at the Laboratory would receive. Such transactions will be approved by the Contracting Officer on a case-by-case basis and will be documented in a quarterly report provided to DOE.

IV. ANCILLARY PAY COMPONENTS

(a) Premium Pay.

The Contractor is authorized to provide shift differentials and other premium pay, reporting allowances, meal allowances, and hazardous duty pay, as approved by the Contracting Officer.

(b) Extended work week.

When deemed essential to the performance of work under this contract, an extended work week may be established at the Laboratory or any portion thereof.

(c) Medical evacuation services/insurance.

Employees required to perform official travel to foreign countries where local care is substandard (according to U.S. standards) may have coverage that pays for evacuation services to an acceptable medical facility in a proximal location on an urgent or emergency basis. The policy shall cover evacuation, expatriation of remains, and ancillary costs associated with the incident. Costs for such coverage for eligible employees are allowable.

(d) Foreign Travel.

Allowances payable for official travel in foreign areas will be at rates established by the Secretary of State.

V. PAYMENTS ON TERMINATION OF EMPLOYMENT

(a) Sick leave.

The payment of accumulated sick leave upon termination is unallowable.

(b) Vacation.

The Contractor is authorized to pay for accumulated vacation upon termination at the rate in effect as of the date of termination, including any shift differential.

VI. LABOR RELATIONS

(a) Collective Bargaining.

Costs of fringe benefits and wages paid to employees under collective bargaining agreements are allowable. All other reasonable costs and expenses, such as expenses relating to the grievance process, arbitration and arbitration awards, and other costs and expenses incurred pursuant to applicable collective bargaining agreements and revisions thereto, are also allowable as approved by the Contracting Officer on a case-by-case basis and documented in a quarterly report provided to DOE.

(b) Collective Bargaining Agreements.

The Contractor shall provide copies of collective bargaining agreements to the Contracting Officer as they are ratified or modified.

(c) Bargaining Unit Activity.

Pay for absences from work by employees acting in the capacity of union officers, union stewards and committee members for time spent in handling grievances, negotiating with the Laboratory, and serving on labor management (Laboratory) committees, are allowable.

VII. PROGRAMS INVOLVING EMPLOYEE ABSENCE FROM THE WORKPLACE

(a) Paid Leave.

The Laboratory will provide a reasonable and cost effective paid leave program. Paid leave includes vacation, holiday, sick, jury, bereavement, voting and personal leave according to approved Laboratory schedules. Only leave categories included in the Benefit Value Study shall be allowable.

(b) Sabbaticals/Temporary Assignments of Laboratory Employees to Other Institutions for Teaching and Research.

The Contractor shall be reimbursed for expenditures consistent with Contracting Officer approved Laboratory policy arising out of an approved employee assignment to another institution for teaching and/or research if the assignment does not exceed one year. However, DOE requires thirty (30) calendar days prior written notice.

(c) Military Leave.

Military leave and associated pay is authorized in accordance with Contractor policies, and/or State or Federal law.

(d) Administrative Leave.

Administrative leave serves as an immediate, temporary solution and is intended to be used for brief periods of time, without charge to leave or loss of pay, to permit the Laboratory to deal with special employment situations regarding an employee who should be kept away from the worksite. This determination is based on a bona fide assessment or belief that the employee poses imminent danger or threat to themselves, to others, or to property, and no other alternative is more appropriate.

Approval of placing an employee on Administrative Leave shall reside with the Laboratory Director. Such approval shall be in writing and fully documented. Written notification along with the approval documentation shall be provided to the Contracting Officer within forty-eight (48) business hours of approval of placing an employee on Administrative Leave.

For a given instance, Administrative Leave for an individual employee shall not exceed fifteen (15) business days.

SRNL is not permitted to extend the Administrative Leave reimbursement beyond the fifteen (15) business days unless prior approval to extend charging the Contract is provided by the Contracting Officer due to extenuating circumstances.

In such cases, the Contracting Officer shall be provided a minimum of five (5) business days to consider such a request.

- (e) Temporary Domestic Assignment Allowances.

Temporary domestic assignment allowances shall be consistent with AL 2018-08 dated May 3, 2018 entitled "Contractor Domestic Extended Personnel Assignments," which may be revised from time to time, and Contractor policy consistent with the aforementioned AL.

VIII. EMPLOYEE TRAINING, EDUCATION AND DEVELOPMENT

- (a) The Laboratory Director or designee shall send an annual report to the Contracting Officer providing the number of employees participating in training, education and development programs and the dollars spent.
- (b) The Laboratory shall establish training, education and development programs that are consistent with DOE requirements and guidance, industry standards, and other Federal, State and local regulations. These programs shall ensure that employees are well-qualified and competent to manage facilities and meet mission requirements through administrative, professional and technical excellence.

- (1) Training.

The Laboratory may permit selected employees to attend training classes while receiving full pay in order to enable them to acquire the needed skills to qualify them for more responsible jobs and maintain competence in their field.

- (2) Education.

- (A) The Laboratory may approve and support educational courses taken by employees which serve to improve efficiency and productivity of Laboratory operations, increase needed skills, or prepare employees for increased responsibilities.

- (B) An employee or third party on behalf of an employee may be paid for tuition, required textbooks and fees for courses approved in advance by the Laboratory.

- (3) Development.

The Contractor shall be reimbursed for the cost of development programs, including but not limited to, apprenticeship training, supervisory training, management development, career updating and redirection, and work-study and other programs supporting the development of staff in fields of interest to the Laboratory.

IX. EMPLOYEE PROGRAMS

(a) Awards.

Annually the Contractor shall provide the Contracting Officer with reports on the individual award program expenditures. The Contractor may only expend up to an amount previously approved by the Contracting Officer.

(1) Service/Retirement/Non-Performance awards.

The Contractor is authorized to provide monetary or non-monetary recognition for achievements not based on performance. Awards may include, for example, Length of Service/Retirement Recognition; Safety Awards; Patent Awards; Suggestion Program.

(2) Performance award programs.

The Contractor may recognize employees or groups of employees who have distinguished themselves by their significant contributions and outstanding performance in the course of their work. Awards may be provided to employees or groups of employees in the form of cash. Additionally, noteworthy achievements and special efforts may be recognized by the presentation of plaques, certificates, and memorabilia.

(b) Non-Base Cash Compensation.

The Contractor may expend non-base cash compensation amounts in payments to employees in accord with programs submitted to and approved by DOE Contracting Officer, including, but not limited to, project incentives, strategic skill stipends, and lump sum amounts in lieu of salary increases. DOE will be provided a listing, on an annual basis, of the programs utilized and the respective amounts expended.

(c) Cost of Health Services.

The Contractor shall be reimbursed for the costs of operating a Health Unit for Laboratory employees, including but not limited to the following: Pre-employment physicals and other medical examinations required to meet Laboratory employment requirements, medical care for occupational injuries and to provide relief for minor physical complaints of employees while at the Laboratory, and health examinations provided as a health service for employees.

(d) Other.

- (1) The Contractor may develop, administer and support a variety of employee programs. These programs may include athletic, cultural, and family activities. Participant fees may be collected to partially offset the cost of some or all of these activities. Profits from group buying services operated for the benefit of all employees may be used to assist in the support of the recreation program. Appropriate facilities, utilities, and maintenance may be provided by the Laboratory. Entertainment costs, including costs of amusement, diversions, and social activities are unallowable, as well as directly related costs such as tickets, meals, alcohol, lodging, rentals, transportation and gratuities.
- (2) Wellness program. Costs of a Wellness Program to promote employee health and fitness are allowable. This program shall be limited to activities related to stress management, smoking cessation, exercise, nutrition, and weight loss.
- (3) Employee Assistance Program. The Contractor shall (1) maintain a program of preventive services, education, short-term counseling, coordination with and referrals to outside agencies, and follow-up upon return to work that conforms to the requirements of 10 CFR 707.6, Employee Assistance, Education, and Training; (2) Submit for approval by the Contracting Officer any changes to the employee assistance program implementation plan; (3) Prepare and submit information to DOE concerning Employee Assistance Program services as requested by the Contracting Officer. Such reports shall not include individual identifiers
- (4) Employee Communications. The costs incurred in the publication, printing and distribution of a newsletter, handbooks and other employee communication media designed to effectuate better employee relations and understanding of Appendix A and current employment regulations shall be reimbursed.

X. COSTS OF RECRUITING PERSONNEL

- (a) On an annual basis, the Laboratory will conduct workforce planning, documented in the form of a plan, and submit it to the Contracting Officer for review and approval. The Plan will identify critical skills necessary to meet mission and contract requirements, provide an updated gap analysis, and outline that year's strategy for the recruitment and retention of those skills, as well as for any necessary restructuring.
- (b) The Contractor may incur costs for the recruitment of personnel except as expressly prohibited in FAR Part 31, as follows:

- (1) Costs of advertising and agency and consultant fees.
 - (2) Recruiting Expenses - The Laboratory may reimburse, consistent with other provisions of this contract, employees traveling for recruiting purposes, the actual cost incurred for the following expenses: transportation, lodging, and meals for prospective employees and, when approved, for spouses or representatives of academic institutions, professional societies and other scientific organizations and incidental expenses incurred in recruiting.
 - (3) Costs associated with pre-employment screening.
- (c) Recruitment/Retention Tools.

In accordance with procedures approved by the Contracting Officer:

- (1) The Contractor may pay a sign-on bonus to recruit employees with critical skills.
- (2) An annual retention bonus is authorized to retain employees with critical skills.
- (3) The Contractor is authorized to provide service credit to critical skill new-hires for previous relevant experience at another DOE facility or external organization. Credited service may be used to establish eligibility for, or determine accrual of, service-based benefits (*i.e.*, vacation accruals, vesting, or severance – unless severance has been paid for prior service as indicated in Section H Clause entitled “Employee Compensation: Pay and Benefits”), in accordance with the Contractor’s policies.

XI. WORKFORCE RESTRUCTURING

- (a) The Contractor shall regularly analyze workforce requirements and will develop appropriate workforce restructuring strategies to ensure continued availability of the critical workforce knowledge, skills, and abilities necessary for performance under this Contract.
- (b) When the Contractor determines that a change in the workforce is necessary, the Contractor shall accomplish the workforce restructuring in a manner consistent with the DOE General Workforce Restructuring Plan, if applicable, in effect for the facility or site. The General Plan lays out how contractor workforce restructuring will be conducted at the applicable site in a manner that is consistent with DOE policy.

The Contractor is only required to provide notification of Self-Select Voluntary Separation Programs (SSVSP) of 100 or more if consistent with the following parameters:

- (1) in accordance with approved laboratory and contractor policies and contract requirements;
 - (2) no enhanced benefits (severance or pension);
 - (3) no backfilling or re-employment of employees for a one-year period after severance is paid;
 - (4) business case submitted 5 business days in advance of notification date that includes maximum number of voluntary separations, maximum dollars, positions/skills impacted; reasons separations are needed, including how conducting a SSVSP will better position the contractor to conduct the mission work; copies of the self-select application and any employee waivers or releases of claims, and a communication plan; and
 - (5) voluntary separations offered to employees in a non-discriminatory and legally compliant manner. There is no backfilling where a separating employee is replaced by an internal candidate so long as:
 - (A) The separating employee is leaving voluntarily;
 - (B) The internal replacement is a regular, permanent employee on the contractor's payroll, not a temporary hire, staff augmentee, or someone serving under a post-doctoral program, or other short term program;
 - (C) The replacement results in a net reduction in headcount and costs of regular employees; and
 - (D) The replacement is accomplished in an otherwise legally compliant manner, including no unlawful intent to discriminate based upon age.
- (c) The Contractor shall ensure it does not hire or rehire individuals who volunteered for termination during a Self-Select Voluntary Separation Program, at any DOE or NNSA site, during the one-year period following the separation. If an employee is hired or rehired prior to the one-year period, the employee may be required to pay back, to the contractor who provided the severance payment, all or a pro-rata amount of the severance received under the Voluntary Separation Program.
- (d) The Contractor must prepare and submit to the Contracting Officer a specific workforce restructuring plan (Specific Plan), as described below in paragraph (e), if the Contractor intends to reduce its workforce by 100 or more employees through an involuntary separation action within a rolling 12-month period.
- (e) The Contractor's Specific Plan shall lay out how the Contractor will conduct its workforce restructuring action at the site. The Contractor's Specific Plan for reducing 100 or more employees through an involuntary separation action shall be submitted to the Contracting Officer for approval at least [The number of days may be changed based upon Program requirements.] days in advance of the first communication planned to be given to the employees and public. Any other Specific Plans must be submitted just in advance of the first communication planned to be given to the employees and public.

The templates for contractor Involuntary Separation Plan, as well as the General Release and Waiver Forms, are available online at:

<http://www.energy.gov/gc/services/technology-transfer-and-procurement/office-assistant-general-counsel-labor-and-pension>.

- (f) Pay-in-lieu of notice beyond two work-weeks requires written advance Contracting Officer approval. The Contractor shall submit the request to the Contracting Officer as part of the Workforce Restructuring package submitted for approval in (e) above, and include the number of days of pay-in-lieu of notice requested, above two work-weeks, a detailed business justification, and the associated costs.
- (g) The Contractor is encouraged to consider the use of employee waivers and releases. DOE has developed a model waiver and release of claims. The forms are available on line at the website set forth in (e) above. Any deviation from the models must be approved by the Contracting Officer.
- (h) The Contractor must perform an adverse impact analysis (also known as a diversity analysis) as part of its determination to undertake involuntary separation action(s). A copy of the diversity analysis for involuntary separation action(s) affecting 100 or more contractor employees within a rolling 12-month period shall be submitted to the Contracting Officer and DOE or National Nuclear Security Administration (NNSA) site counsel, as applicable, prior to notification of employees selected for involuntary separation.
- (i) The Contracting Officer will review and approve any Specific Plan or diversity analysis submitted for review affecting the reduction of 100 or more employees through an involuntary separation action within 10 business days after submission of a complete package by the Contractor unless the Contractor is notified of issues necessitating an extension of time. Should DOE request additional information from the Contractor regarding any Specific Plan or diversity analysis, the Contractor will respond to such request within 3 business days.
- (j) The Contractor is responsible and accountable for conducting and defending all voluntary and involuntary separation actions in compliance with applicable laws, regulations, and the contract terms and conditions.
- (k) Questions of cost allowability related to: a) any SSVSPs for which the Contractor provides only notification, or b) any involuntary separation program(s) conducted without Contracting Officer approval will be resolved consistently with applicable laws and regulations and with the terms and conditions of this contract, including, but not limited to, Department of Energy Acquisition Regulation (DEAR) at 48 C.F.R. 952.231-71(f).

XII. EMPLOYEE BENEFITS

- (a) Energy Employees' Occupational Illness Compensation Program Act (EEOICPA).

The Laboratory agrees to comply with requests for information, records, and other program requirements to ensure the orderly administration and adjudication of claims under the EEOICPA.